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ANNIVERSARY DISCOURSE\*

JOHN J. McLAUGHLIN, J.D.

New York City Health and Hospitals Corporation  
New York, New York

**I**t is fitting that an officer of New York City's public hospital system discuss health care with so prestigious a society in a state which educates one of every eight doctors who serve throughout the United States. Just as the activities of the Academy are reflected nationally, so too are the activities of the largest municipal hospital system in the country.

I shall reacquaint you this evening with the role the municipal hospital system plays in overall health care in New York City.

We have, over the past several years, come to be known as New York's "family doctor." While we are justifiably proud of the accomplishments that have led us to this point, we realize that there is much more to do. No imperative is more compelling than upgrading standards of patient care in our facilities. This is, and will remain, among the corporation's highest priorities. We are committed to doing everything possible, within the limitations of our resources, to deliver superior medical care to every New Yorker who depends on us.

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\*Presented at the Stated Meeting at the New York Academy of Medicine held April 12, 1984.

I would like to comment on the size, scope, and very special mission of the Health and Hospitals Corporation. We are a public benefit corporation consisting of a network of 11 general care and four long-term care hospitals, five neighborhood family care centers, more than 30 satellite ambulatory care clinics and the citywide emergency medical service—the city's ambulance system.

The corporation was established some 14 years ago to take over the functions of the old city Department of Hospitals. Because health care providers could generate revenues from third party reimbursement, it was hoped that this shift would free the municipal hospital system from the bureaucratic and political limitations of a line agency and turn it into an independent body able to concentrate solely on the delivery of quality health services in a completely professional setting. While we have made great strides toward independence, for a variety of reasons—some good and some not so good—the corporation has not yet become the completely autonomous body its planners had envisioned.

Besides providing the whole range of medical services to its patients, the corporation has a very distinct mission which sets it apart from the voluntary sector and is its reason for being. This mission is to provide medical care to anyone who comes to any of our facilities for help regardless of insurance coverage or ability to pay. We turn no one away.

To fulfill our mission, we employ some 43,000 health care professionals. Last year we cared for 240,000 inpatients, accounting for 3.3 million days of inpatient care, 4.2 million visits to outpatient departments, and 1.3 million visits to our emergency rooms. The Emergency Medical Service answered more than 575,000 ambulance calls, about 60% of which were for life-threatening situations.

The cost of health care on this vast scale is significant. A chief reason for the high volume of outpatient visits is the disappearance of general practitioners from many areas of New York City, which has given us the responsibility to act as family doctor for hundreds of New Yorkers. And, in spite of significant annual appropriations from the city, New York's recent financial difficulties have affected us to a greater extent than most other city agencies because of steadily escalating health care costs, which today represent more than 10% of the gross national product. On an annual basis nearly \$250 billion is spent to deliver health care to our nation's population.

During New York City's fiscal crisis, I left a Park Avenue law firm to

serve as director of the United States Treasury's Office of New York Finance. We found at that time that our cash and deficit problems were so significant that it was imperative to concentrate our resources on monitoring the corporation's finances rather than on other equally complex "covered agencies."

Since that time, largely through the efforts and dedication of my predecessor as Health and Hospitals Corporation president, now deputy mayor Stanley Brezenoff, former board chairman Robert F. Wagner, Jr., and our dedicated team of consummate professionals, dramatic improvements have been made in our fiscal condition and my job has certainly been made easier.

The accomplishments of the Health and Hospitals Corporation over the past four years in achieving financial stability have been significant indeed. Collection of inpatient bills increased by nearly \$300 million, or 34%, between 1981 and 1983. By 1985 we estimate that we shall have increased normal collections by \$526 million, or 60% higher than 1981 levels. Ambulatory collections increased by \$48.4 million from 1981 to 1983 despite constant workload volume.

In addition to raising additional revenues, the corporation implemented cost containment programs that resulted in a 21% increase in expenditures between 1981 and 1983, compared to a 29% rise in medical care costs in the New York Metropolitan area and a 34% rise nationally during the same period. The Corporation introduced modern computer-based technology and developed a professional training staff to manage the intake and outflow of funds needed to operate the vast public hospital system in this city.

Not only have our finances improved with the installation of sophisticated financial controls and modern computer systems, but the Corporation has sent a signal of improved financial health and independence by entering into a \$45 million short-term credit agreement with Morgan Guaranty Trust Company of New York. This is the first step of our plan to secure our own financing to help rebuild the 10,000+ bed municipal hospital system and continue to provide the quality of health care which New York City has offered its residents for nearly 250 years.

While we are quite naturally concerned about the costs associated with providing health care, we must never forget that New York City has historically and continually offered this care to all, regardless of ability to pay.

In addition to providing hospital care, our municipal institutions have provided havens for the development of democracy in action. New York has been the port of entry to medical careers for many who did not have access to the rest of the medical world because of discrimination based upon race or sex. Harlem Hospital, a public hospital, was the first hospital to appoint a black physician to its staff and the first hospital fully to integrate its workers. The first black women in America formally to be trained as nurses received training at Lincoln Hospital School of Nursing. The first black nurses employed in American Hospitals were placed on the staffs of New York City Hospitals.

Throughout the years, distinguished figures serving in our public hospitals have contributed to the development of modern medicine as we know it. To list just a few (including some who were Fellows of this Academy): Dr. Herman Biggs, the father of public health; Dr. Walter Reed, who conquered yellow fever; Dr. William C. Gorgas, who fought successfully against malaria; Dr. Joseph Goldberger, who battled pellagra; and Drs. Jonas Salk and Albert Sabin, distinguished leaders in the fight to erase polio. Two distinguished physicians at Bellevue, where they pioneered cardiac catheterization, were recipients of the Academy Medal in 1963—Dr. Andre Cournand and Dr. Dickinson Richards.

A major factor in the development of the public hospital system has been the affiliation contracts established with the city's major medical schools. The vast educational resources employed to staff our public institutions have resulted in good medicine as inquiring new physicians prompt their elders to stay abreast of latest developments while the established faculty's wisdom and maturity direct the new generation into productive patient care. The link between the public and voluntary sectors has proved a strong one. It will continue to be tested in the days ahead as we confront new developments.

In recent years the Corporation has come to play a unique role in three specific health services. The first is ambulatory care; corporation facilities provide well over half of the hospital-based outpatient visits in New York City. We continue to expand our community based ambulatory care facilities to encourage our citizens to bring their problems to us before they become major concerns requiring hospitalization. Just last September we opened the Cumberland Neighborhood Family Care Center to initiate the development of an ambulatory care network for northern Brooklyn. The Manhattan Avenue Clinic and the Bushwick Avenue Clinic should be

operational by late summer; these three installations will accommodate some 87,000 patient visits yearly. These are not undertakings casually begun, especially in view of our volume of more than four million annual patient visits. We believe, first, that these efforts are critical to improving the quality of care we offer all patients, and, second, preventive medicine is the most effective and least costly form of health care.

The second is emergency care—not only through the emergency medical service, which has improved its response time dramatically over the past several years, but through our network of emergency rooms, which routinely handle a staggering number and array of seriously ill and injured patients. Several of our emergency departments, along with those in several of the city's voluntary and teaching hospitals, have been designated as official trauma centers.

Third, as a result of the rapidly diminishing state role in providing mental health services, our municipal hospitals have become the core of the acute psychiatric care delivery system in the city. This is, needless to say, far and away the fastest growing service sector for the Health and Hospitals Corporation—more than 10% of all the beds in our system are now designated for adult psychiatric patients.

I would be remiss if I did not mention the Corporation's long-standing commitment to long-term patient care. As a critical part of the full range of health services for all New Yorkers who have a need, the Corporation is a major provider of both institutional and community-based long-term health care in the city, especially for those with multiple disabilities, with high level care needs, with limited financial and social resources, and with inadequate access to other sources of care.

The central purpose of a long-term care program is to maximize the functioning, level of independence, and quality of life of individuals impaired by severe or chronic illness and disability. The selection of objectives, service mix, providers, and setting for a particular individual's long-term care must be carefully designed to provide the best support for that person's functioning, independence, and quality of life.

Within our facilities the Health and Hospitals Corporation currently offers a variety of long-term care services to its clients, both directly and through arrangements with other health care providers. Four specialized long-term care institutions—Coler, Goldwater, Gouverneur, and Seaview—serve about 4,700 individuals a year and currently operate at more than 95% capacity. The Corporation's general hospitals provide extended care

to nearly 3,000 persons each year in rehabilitation units and in the skilled nursing facility at Elmhurst Hospital. Our six certified home health agencies provide more than 40,000 visits a year, with an average daily census of about 1,300.

Promulgation of the Corporation's ambulatory care policy in 1982 stimulated efforts to integrate the various levels of care, with its emphasis on natural support systems, continuity of care, and coordination of the varied resources an individual requires. Our ambulatory care and community mental health program, including such special programs as geriatric clinics and adult day care, now serve many persons receiving long-term support in the community. In addition, Corporation hospitals place thousands of persons each year in non-Corporation skilled nursing facilities, residential programs, and community based programs.

Initiatives to integrate these long-term care resources are incorporated in the major hospital planning efforts underway in the Bronx, Brooklyn, and Queens; high priority has been assigned to the discharge planning function; and, most recently, a corporate office of long-term care has been established to coordinate efforts encompassing all aspects of long-term care.

Existing resources are taxed by increasing demand for long-term care. Like other providers of long-term care, we face considerable problems in meeting the needs of our patients in the most effective and efficient manner. The need for prompt access to limited long-term care resources is already spurring the restructuring of hospitals across the nation. The most common responses are for hospitals to establish, acquire, or contract with home health agencies and nursing homes. To meet the problem in New York City we have embarked upon a plan to reorganize our resources into an efficient and cost effective system of long-term health care sensitive to consumer preferences, integrating this system with the other sources of long-term care throughout the city. These tasks will not be easy, but they must be undertaken if we are to continue to be able to serve the needs of New York's citizens.

While reviewing with justifiable pride past accomplishments of our public hospitals, we must not forget that we face very real problems which will demand all of the skills of the public and private partnership to continue to provide quality care to our citizens. The first is an illogical system of reimbursement which decides, for example, that Medicaid will pay less than \$10 for a patient to visit a private physician, yet will pay

up to \$60 for that same patient to walk into an emergency room—thus discouraging physicians from general practice and encouraging overuse of already crowded emergency rooms.

Another developing problem facing the municipal system is the issue of caring for illegal aliens. For humanitarian reasons, New York City provides hospital care for this population, just as it does for all other populations residing in our city. Yet, the federal and state governments refuse to accept their fair share of the fiscal burden of caring for undocumented aliens. The Health and Hospitals Corporation has joined with New York City in a law suit to have the federal government pay half the cost of caring for this growing population while the city and state would each pay 25% of the cost. At present, the entire yearly cost borne by the city has been placed at \$28 million.

Still another pool of patients consists of the thousands of New Yorkers who are out of work and who have exhausted their unemployment benefits. The loss of a job should not condemn Americans to loss of their access to quality health care. Here in New York City we do have the vast public hospitals system, but it is totally unfair and unrealistic to expect the city alone to pay 100% of the cost of caring for both the unemployed and undocumented aliens. To address this question we are constantly seeking equitable solutions which would spread the cost of these programs throughout the various levels of government.

Other critical initiatives to be addressed include: treatment of acquired immune deficiency syndrome victims, replacement of expiring grants, psychiatric emergency room nursing staff increases, psychiatric case management, and expansion of dental services in our severely underserved communities. Capital needs include several high priority projects, including telecommunications, clinical data systems, emergency conservation, and asbestos removal—all of which will result in considerable operating cost savings—and two major construction projects, the construction of mental health beds on the 18th floor at Bellevue Hospital Center and the renovation of the Cumberland Neighborhood Family Care Center.

Public hospitals are frequently referred to as “hospitals of last resort.” For the most part, this reference is delivered in a positive way, indicating that our citizens will always have somewhere to go in the event of illness or injury. I would prefer that New Yorkers think of the public system as “hospitals of first resort” where they can turn to prevent the progression of minor complaints into major ones. Realizing this aspiration will require

that the city hospitals have enough doctors to staff the ambulatory care programs and to prescribe the remedies to avoid long and more costly inpatient stays. We call upon you, the medical establishment, to encourage the newer physicians emerging from the educational process to devote some time to clinical service. Mayor Koch touched upon this point in addressing the graduates of New York University School of Medicine in 1983 when he told them:

You owe more than a debt of gratitude to the American public for all the public money that has funded your education so far and will continue to fund it and for all the public money that will make up your income as a physician. You can begin to pay back this debt by offering your services at least one afternoon a week to those who cannot afford to pay for them . . . you could repay your debt to society for the privilege of practicing medicine by seeing Medicaid patients one day a week. And I hope that at least a few of you can serve this city by choosing to devote your entire careers to public health.

I hope that all here can echo the Mayor's sentiments.

As members of the medical profession, your daily pursuits are both rewarding and humbling. You share in the joy of families whose loved ones have been helped—the extreme pleasure which comes with the birth of new life—the great sense of relief which replaces initial foreboding. At the same time, you must also share in the grief of death or in the heart-rending situation of permanent disability or long-term suffering. Those of you in research experience the high level of expectation and joy which comes with success when that breakthrough, which seems so close, is brought to fruition. Our professionals in the public hospital system share many of those highs and lows with you. Many can never be as personally involved as the physicians; nevertheless, they are placed in the position of dealing with people who rely upon them totally.

Our joint undertaking in fulfilling the awesome responsibility of dealing with people's lives must continue to succeed. We must find ways to overcome financial difficulties, aging physical facilities, and the challenges presented by new technology. The simple fact is that providing health care to the poor is an expensive business. Yet, providing health care for the poor is *the* business of our public hospital system.